

Message Text

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PAGE 01 HALIFA 00085 242130Z

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ACTION EUR-12

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INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-15

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TAGS: PINT, ENRG, CA

SUBJECT: NOVA SCOTIA S PREMIER REGAN SPEAKS OUT ON
CONTROLS OF OIL PRICES

1. IN OBVIOUS ANTICIPATION OF MEETING AT FEDERAL LEVEL TO DISCUSS OIL PRICES, PREMIER GERALD REGAN SPOKE BEFORE LEGISLATURE ON FEBRUARY 23 ON SUBJECT OF OIL PRICES. HE DESCRIBED AS "HYPOCRITICAL EXPEDIENCE" EXEMPTION OF OIL PRICES FROM NATIONAP ANTI-INFLATION PROGRAM. HE SAID THAT FEDERAL GOVERNMENT'S COMMITMENT TO THE PROGRAM SHOULD INVOLVE HOLDING PRICE INCREASES WITHIN OTTAWA'S OWN GUIDELINES.

2. PREMIER REGAN TOLD A VERY RESPONSIVE LEGISLATURE THAT THE GOVERNMENT SHOULD BE HOLDING THE LINE ON OIL PRICE INCREASES BECAUSE FUEL PRICES AFFECTED VIRTUALLY ALL HOUSEHOLDS AND INDUSTRIES IN CANADA. HE SAID THAT HE
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PAGE 02 HALIFA 00085 242130Z

REALIZED THE FEDERAL GOVERNMENT FOUND IT DIFFICULT TO

SIND FUNDS TO KEEP THE PRICE OF OIL DOWN IN CANADA. HOWEVER, AS THE GOVERNMENT HAS FOUND MONEY FOR OTHER PRIORITIES, "THE PRIORITY OF MAINTAINING OIL PRICES SHOULD BE RECOGNIZED". THE PREMIER SAID THERE WAS NO REASON FOR THE GOVERNMENT TO EXEMPT OIL PRICES FROM THE GUIDELINES WHEN MOST OTHER ESSENTIAL COMMODITIES WERE INCLUDED.

3. IN OBVIOUS REFERENCE TO THE RELATIONSHIP BETWEEN ANTI-INFLATION PROGRAM AND REGIONAL DISPARITY, A SUBJECT OF DISAGREEMENT BETWEEN PREMIER AND PRIME MINISTER TRUDEAU, REGAN SAID, "THE INCREASE IN ELECTRICAL RATES IS THE SINGLE MOST CRITICAL PROBLEM FACED BY NOVA SCOTIA IN THE NEXT DECADE". OIL PRICE INCREASES HAVE A PARTICULARLY TOUGH EFFECT ON NOVA SCOTIA BECAUSE OF ITS HEAVY DEPENDENCE ON OIL FOR ELECTRICAL GENERATION.

4. FAILURE OF THE FEDERAL GOVERNMENT TO INCLUDE OIL IN THE ANTI-INFLATION PROGRAM WILL, ACCORDING TO REGAN, SERIOUSLY DAMAGE THE PROGRAM'S CREDIBILITY. UP TO NOW REGAN HAS BEEN PROPONENT OF FEDERAL PROGRAM.

5. REGAN'S BLAST REGARDED AS GETTING IN FIRST SHOT AGAINST ALBERTA WHICH ALMOST CERTAIN TO CALL FOR INCREASE IN OIL PRICES AT UPCOMING FEDERAL-PROVINCIAL CONFERENCE.

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